INCITEC PIVOT LIMITED
DYNO DELIVERING - VELOCITY ON TRACK

BUSINESS PERFORMANCE – Results for the six months ended 31 March 2009

Incitec Pivot Limited (IPL) has delivered Net Profit After Tax (NPAT), excluding individually material items, of $169.8M, compared with $171.1M for the previous corresponding period (pcp).

The Dyno Nobel explosives business is delivering, consistent with the investment thesis. Dyno Nobel EBIT(2) was $128.9M, an increase of $56.5M on proforma pcp. The Velocity program contributed $54.3M for the period.

KEY FINANCIALS

- NPAT excluding individually material items was 1% lower at $169.8M (pcp: $171.1M). Individually material items, net of tax, were $70.2M.
- EBITDA(1) up 34% or $91.3M to $360.3M (pcp: $269.0M)
- EBIT(2) up 9% or $22.2M to $272.2M (pcp: $250.0M).
- Fertiliser average trade working capital to rolling sales(5) constant at historically low levels of 12% (pcp:12%).
- Credit metrics strong with Net Debt to EBITDA(1)(6) at 1.9 times (pcp: 1.0 times) and interest cover(4) of 11.5 times (pcp: 13.3 times).

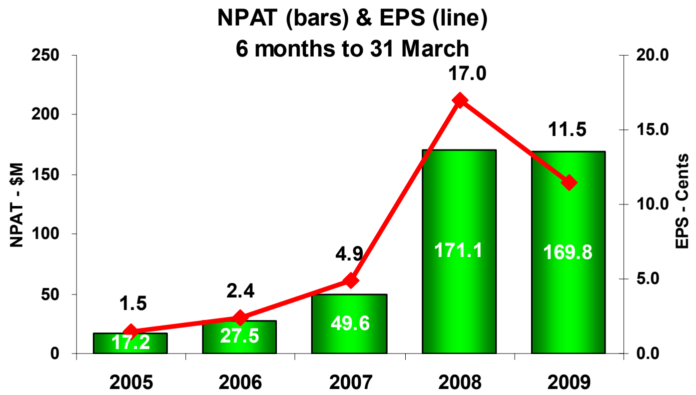
SHAREHOLDER RETURNS

- Earnings per share(3) excluding individually material items declined 32% to 11.5 cents (pcp: 17 cents). While earnings are in line with the pcp, EPS has declined following the issue of shares arising on the 2008 acquisition of Dyno Nobel in June 2008 and the rights issue in November 2008.
- Dividends per share declined 79% to 2.1 cents (pcp: 10.2 cents(3)). The dividend will be 100% franked and represents a pay-out of 20% of available profits.

BUSINESS HIGHLIGHTS

- Explosives (Dyno Nobel) acquisition on track:
  - 2009 EBIT of $128.9M was 78% above 2008 proforma pcp of $72.4M notwithstanding challenging external conditions.
  - Velocity program benefits delivered to date of $54.3M. Underlying benefits delivered of US$36.5M represent 54% of the full year target of US$67M.
- Challenging conditions in the fertiliser business with total business profit down 43% to an EBIT of $143.3M (pcp: $250.0M).
- At 31 March 2009, IPL has $2.68Bn of committed financing facilities in place, against which $2.1Bn was drawn.

Financial Summary A$M	6 Months Ended 31 March 2009	2008	Change
Sales Revenue	1,708.0	749.3	128%
EBITDA (1)	360.3	269.0	34%
EBIT (2)	272.2	250.0	9%
NPAT - excl. individually material items	169.8	171.1	(1%)
NPAT - incl. individually material items	99.6	169.8	(41%)
Shareholder Returns			
Earnings per share (cents)(3)	11.5	17.0	(32%)
Dividend per share (cents)	0.0	10.2	(100%)
Share price at 31 March ($)	2.12	7.06	(70%)
Financial Items			
Net debt	2,105.4	529.1	(298%)
Net Debt/EBITDA(6)	1.9x	1.0x	(81%)
Interest cover (4)	11.5x	13.3x	(14%)



OUTLOOK – SECOND HALF

- Challenging trading conditions in all businesses are expected to continue albeit moderated by the lower A$/US$ exchange rate.
- Continued earnings momentum in explosives with the delivery of the Velocity program.
- Moranbah construction slowed. IPL continues to monitor forward demand for ammonium nitrate in Queensland.

Definitions and Notes

(1) EBITDA: EBIT + depreciation + amortisation.
(2) EBIT: Earnings before interest and tax, and excluding individually material items.
(3) 2008 & 2009 EPS exclude individually material items. 2008 EPS and DPS restated for the 20 for 1 share split in 2008. 2009 EPS based on a diluted 1,478,060,354 weighted average number of issued shares.
(4) Interest cover = 12 month rolling EBITDA/net interest expense
(5) Average trade working capital to sales based on 13 month average working capital/rolling 12-month rolling sales.
(6) Net debt/EBITDA is based on last 12 month historical EBITDA / Net debt at point in time.

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SALES VOLUMES

Fertiliser sales volumes decreased 26% to 1,011kt (pcp: 1,373kt) primarily due to weak demand in domestic fertiliser markets.

Australian Fertiliser Distribution

With drought conditions on the east coast of Australia persisting and uncertainty around falling commodity prices, sales in the Australian Fertiliser Business declined 47% or 444kt to 503kt (pcp: 947kt):

- ***Winter Crop segment*** – Pre-plant sales down 152kt with 50% attributable to an anticipated reduction in application rates and area planted, and the balance due to timing of off-take.
- ***Pasture segment*** - Sales into dairy have declined significantly following the collapse in dairy prices during the period. Sales were down 225kt as farm economics led to the deferral of fertiliser application beyond the autumn 2009 window.
- ***Sugar segment*** – Sales into the sugar segment declined 36kt due to a 5% reduction in area planted to 372k hectares and a 12% reduction in application rates. Grower returns for the 2008 crop declined 15% on 2007.
- ***Summer crop segment*** - Volumes into the summer crop segment were down 15kt as higher fertiliser input prices into sorghum and cotton led to reduced application rates. There was a 3-fold increase in cotton area planted to 155k hectares in 2008.

SCI Trade

Trade sales of 187kt were 113% higher (pcp: 88kt) attributable to sales of Gibson Island manufactured Urea to trade customers, and back-to-back internationally traded sales of Di-ammonium Phosphate (DAP).

Industrial

Industrial sales declined 19% to 146kt (pcp: 182kt) consistent with reduced commercial industrial activity with traded acid and urea for resin manufacture most affected.

Southern Cross (SCO)

Total sales volumes were 18% or 69kt lower at 316kt (pcp: 385kt). For the 6 months to 31 March 2009, 102kt of production has been lost due to rail line outages during the monsoon season.

Explosives

Dyno Nobel bulk Nitrogen sales volume was 1,209kst(5) (excluding initiating systems and packaged explosives).

Sales Summary	**6 Months Ended 31 March**		
	2009	**2008**	**Change**
Tonnes '000's			
Australian Fertiliser Distribution	503	947	(47%)
SCI Trade	187	88	113%
Industrial	146	182	(19%)
Tonnes - Base Business	**837**	**1,217**	**(31%)**
Southern Cross	316	385	(18%)
Inter-company eliminations	(142)	(229)	38%
Tonnes - Fertilisers	**1,011**	**1,373**	**(26%)**
Tonnes - Dyno Nobel (Nitrogen kst(5))	**1,209**	**0**	**n/a**
Sales Revenue A$M			
Australian Fertiliser Distribution	380.2	518.1	(27%)
SCI Trade	122.3	36.8	232%
Industrial	60.7	53.4	14%
Sales Revenue - Base Business	**563.2**	**608.3**	**(7%)**
Southern Cross	221.4	339.7	(35%)
Inter-company eliminations	(87.5)	(198.8)	56%
Sales Revenue - Fertilisers	**697.1**	**749.3**	**(7%)**
Sales Revenue - Explosives	**1,010.9**	**0.0**	**n/a**
Total Sales Revenue	**1,708.0**	**749.3**	**128%**
Average price per tonne - fertiliser(1)	690	546	26%
Middle East Granular Urea (USD/t)(2)	505	314	61%
Average DAP Tampa (US$/t)(3)	455	658	(31%)
Average exchange rate - cents A$/US$(4)	71.9	89.7	(20%)

REVENUE

Total sales revenue increased by 128% or $958.7M to $1,708.0M (pcp: $749.3M) mainly due to the inclusion of Dyno Nobel ($1,010.9M).

On average, realised fertiliser prices increased to A$690/t (pcp: A$546/t) reflecting global prices during the period and the impact of a weaker currency (71.9 cents v pcp: 89.7 cents.)

The average realised DAP price of US$455/t represents a 31% decrease on pcp of US$658/t. The average realised urea price of US$505/t was US$191/t higher than pcp (US$314/t).

Definitions and Notes

(1) Average price excludes Dyno Nobel revenue.
(2) Middle East Granular Urea is the weighted average of the international price lagged by 3 months.
(3) DAP Tampa based on the weighted average achieved price for the period.
(4) Average exchange rate is the weighted average of the US$/A$ exchange rate realised on SCO sales of DAP and related products for the period.
(5) Short tons = 0.9 metric tonnes.

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EARNINGS BEFORE INTEREST & TAX (EBIT)[1]

Earnings Summary	6 Months Ended 31 March			
A$M	**2009**	**2008**	**Change**	**2007**
EBIT				
Base Business[4]	74.7	120.8	(38%)	48.9
Southern Cross	68.6	129.1	(47%)	35.0
EBIT - Fertilisers	**143.3**	**250.0**	**(43%)**	**83.9**
Explosives - Dyno Nobel	128.9	0.0	n/a	0.0
EBIT - Total	**272.2**	**250.0**	**9%**	**83.9**
Borrowing costs	(59.3)	(16.7)	255%	(16.4)
Tax expense	(43.1)	(62.2)	(31%)	(17.9)
NPAT - excl. individually material items	**169.8**	**171.1**	**(1%)**	**49.6**
Individually material items after tax	(70.2)	(1.3)	n/a	7.6
NPAT - incl. individually material items	**99.6**	**169.8**	**(41%)**	**57.2**
EBIT/sales	15.9%	33.4%		15.4%

Total EBIT increased 9% to $272.2M (pcp: $250.0M). Earnings from Fertilisers were down 43% to $143.3M (pcp $250.0M) offset by earnings from the Dyno Nobel Explosives business which was acquired in June 2008.

The mix of earnings in the period was 53% fertiliser and 47% explosives. The balance of earnings highlights the benefit of a business with common nitrogen manufacturing core and two diversified market exposures.

While Fertilisers earnings were down from the 2008 peak, a comparison with 2007 demonstrates the progress made in the Fertilisers business in recent years with current year earnings well above 2007 pcp.

Explosives (Dyno Nobel)

Explosives contributed EBIT of A$128.9M, including US$36.5M or A$54.3M in Velocity program efficiency benefits and earnings from the Cheyenne ammonium nitrate plant expansion in Wyoming, USA, of US$7.6M (A$11.3M).

Southern Cross (SCO)

The SCO EBIT of $68.6M was down 47% or $60.5M (pcp: $129.1M). The main reconciling items were:

- -$83.6M: US$203/t decline in realised DAP price to US$455/t (pcp: US$658/t).
- +$38.9M: Impact of lower A$ down 17.8 cents to 71.9c (pcp: 89.7c).
- -$9.3M: Increased sulphuric acid and sulphur costs.
- -$46.6M: 102kt lower sales volumes due to rail line outages.
- -$8.8M: Reduced freight margins and mix.
- +$11.5M: Other – cash fixed cost and fixed cost in stock timing benefits.
- +37.4M: Favourable movement in the elimination of profit in stock.

Southern Cross (SCO)	6 Months Ended 31 March		
A$M	**2009**	**2008**	**Change**
Production tonnes	366	392	(7%)
Sales tonnes	316	385	(18%)
Sales Revenue (pre eliminations)	221.4	156.0	42%
EBIT (pre eliminations)	**90.7**	**188.6**	**(52%)**
Profit in stock elimination	(22.1)	(59.5)	63%
EBIT (post eliminations)	**68.6**	**129.1**	**(47%)**
Average DAP Tampa (US$/t)[2]	**455**	**658**	**(31%)**
Average exchange rate - cents A$/US$[3]	**71.9**	**89.7**	**(20%)**

Base Business[4]

The Base Business EBIT of $74.7M was 38% or $46.1M lower (pcp: $120.8M). The decline in earnings comprised a decline in the Australian Fertiliser Distribution Business of $36.6M and a $9.5M decline in SCI Trading.

Australian Fertiliser Distribution Business EBIT was down 34% to $69.3M (pcp: $105.9M). The main reconciling items were:

- +$34.0M: Expansion of nitrogen margins in line with higher urea prices.
- -$70.6M: Reduction in sales volume and contraction in margins, with the largest item being SSP into the pasture segment.

SCI Trading EBIT contribution was down 64% to $5.4M (pcp: $14.9M). The main reconciling items were:

- +$2.6M: 92kt increase in traded volume to 238kt (pcp: 146kt).
- -$12.1M: Reduction in traded margins to historic levels.

EBIT

Total IPL EBIT increased by 9% to $272.2M (pcp: $250.0M). The EBIT margin declined to 15.9% (pcp: 33.4%) primarily reflecting lower sales of SCO product and lower US$ DAP prices, partly offset by a more favourable currency conversion.

Definitions and Notes

(1) EBIT: Earnings before interest and tax, and excluding individually material items.
(2) DAP Tampa based on the weighted average achieved price for the period.
(3) Average exchange rate is the weighted average of the US$/A$ exchange rate realized on SCO sales of DAP and related products for the period.
(4) Base Business comprises the Australian Fertiliser Distribution Business, Industrial, SCI Trading, Gibson Island nitrogen plant and the Geelong, Portland and Cockle Creek SSP plants.

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Explosives (Dyno Nobel)

Comparison to pro-forma[(1)] pcp:

Volumes:
Sales volumes were flat compared to pcp. Major movements comprised:

Explosives
Nitrogen volumes into explosives markets were down 6%:

North America ammonium nitrate sales volumes declined by 9%:
- Coal volumes largely flat.
- Quarry & construction volumes down 20%.
- Metals volumes 20% lower with lower sales into iron ore mitigated by flat sales into the gold segment.

Asia Pacific sales volumes were up by 28% on the pro-forma pcp largely reflecting more favourable weather conditions in the Bowen Basin in 2009 and the supply to Moranbah foundation customers which commenced in the second half of 2008.

Agriculture
Nitrogen volumes into agricultural markets were up 49% largely reflecting the commissioning of the Cheyenne ammonium nitrate plant expansion.

EBIT:

EBIT was up 34% to US$86.8M (pcp: US$64.9M), with Velocity program benefits and earnings from the Cheyenne expansion more than offsetting volume declines in North America.

On an A$ basis, earnings were up 78% to $128.9M (pcp: $72.4M), highlighting the benefit of Dyno Nobel's US$ income stream and the natural hedge created by the acquisition of Dyno Nobel.

VELOCITY PROGRAM

Following the acquisition of Dyno Nobel, the Velocity business efficiency improvement program has been developed. Velocity aims to make a step-change in business profitability.

The Velocity program involves multiple initiatives across five streams and is forecast to deliver US$204M within three years.

Definitions and Notes
(1) Proforma is the pre-acquisition 6 months of Dyno Nobel earnings for the period 1 October 2007 to 31 March 2008.
(2) Translation exchange rate is the average exchange rate used for the translation of Dyno Nobel Balance Sheet and earnings
(3) Short tons = 0.9 metric tonnes

Explosives - Dyno Nobel	6 Months Ended 31 March		
A$M	Actual 2009	Proforma 2008	Change
Volume - kst[(3)]			
Nitrogen explosives	998.5	1,067.7	(6%)
Nitrogen Agriculture	210.3	141.1	49%
	1,208.8	**1,208.8**	**0%**
US$			
Revenue	679.2	712.5	(5%)
Velocity Benefits	36.5	0.0	n/a
EBIT	**86.8**	**64.9**	**34%**
A$			
Revenue	1,010.9	712.5	42%
Velocity Benefits	54.3	0.0	n/a
EBIT	**128.9**	**72.4**	**78%**
Translation exch. rate - cents A$/US$[(2)]	67.2	89.7	(25%)

VELOCITY PROGRAM (continued)
The key streams are:
1. Overhead reduction – restructuring and optimisation of the North American business, consolidation of the corporate office into IPL and integration of supply chain and back office functions for Dyno Nobel Asia Pacific and IPL.
2. Plant efficiency – optimisation of global manufacturing.
3. Cost to Serve – improving customer profitability and adoption of a "value, not just volume" approach to sales. Optimisation of service sites and distribution costs to increase asset utilisation and lower costs.
4. Global supply chain optimisation – implementation of sales and operations planning process (S&OP) across Dyno Nobel.
5. Asset efficiency/optimisation – rigorous review of non-core and surplus assets.

PROGRAM STATUS
As at 31 March 2009, the Velocity program is on track to deliver the forecast US$67M in profit improvements and US$70M in cash from asset optimisation in 2009**:**

US$M	YTD	2009 Forecast
1. Overhead reduction	19.3	30.0
2. Plant efficiency	3.7	9.8
3. Cost to serve	11.5	16.6
4. Global supply chain	2.0	10.6
Total profit improvement	36.5	67.0
5. Asset optimisation	15.2	70.0

Additionally:
- As at 31 March 2009 there were 167 initiatives currently delivering benefits and an additional 61 projects being developed.
- Savings have been delivered following the reduction of 193 FTE's.
- 70% of the 46 US sites have been optimised and 100% will be completed by September 2009.

BORROWING COSTS

Total borrowing costs increased to $59.3M (pcp: $16.7M). The increase primarily reflects:

- $32.7M increase in net interest expense following the acquisition of Dyno Nobel on 16 June 2008; and
- $9.9M increase in non cash charges representing an expense for the unwinding of discounts on non-current provision liabilities, primarily environmental provisions.

Interest cover declined to 11.5 times (pcp: 13.3 times). Net debt to EBITDA(2) increased to 1.9 times (pcp: 1.0 times). However, the 12 month rolling EBITDA excludes 2 ½ months earnings from Dyno Nobel as the acquisition was completed on 16 June 2008.

TAX

Tax expense (excluding tax on individually material items) of $43.1M was 31% lower than 2008.

RETURNS TO SHAREHOLDERS

IPL has considered its dividend policy in light of capital requirements and the need for prudence in current economic conditions. Accordingly the pay-out ratio has been changed to a range of 20% to 40% of NPAT, subject to franking capacity, capital requirements and other relevant factors.

IPL will pay an interim dividend of 2.1 cents per share fully franked on 7 July 2009 (pcp: 10.2 cents fully franked).

The 2009 interim dividend returns 100% of available franking credits to shareholders and represents a pay-out ratio of 20% of NPAT excluding individually material items.

INDIVIDUALLY MATERIAL ITEMS

Individually material items (net of tax) were a loss of $70.2M. The major components were:

$34.6M: Imported phosphate rock mark-to-market: Following the collapse of dairy prices, demand for farming inputs into the intensive pasture market, such as single super-phosphate (SSP), declined significantly. In the March 2009 quarter, global phosphate rock prices also fell. Consequently, the imported phosphate rock component of manufactured SSP, and rock on hand, has been written down to net realisable value in accordance with AIFRS requirements.

Borrowing Costs	6 Months Ended 31 March		
A$M	2009	2008	Change
Net interest expense	(55.2)	(22.5)	(245%)
Non-cash unwinding of discounts	(4.1)	5.8	n/a
Total borrowing costs	**(59.3)**	**(16.7)**	(355%)
Interest cover(1)	11.5x	13.3x	(86%)
Net debt/EBITDA(2)	1.9x	1.0x	(181%)

Interim Dividend	6 Months Ended 31 March		
Cents per share (cps)	2009	2008	Change
Normal dividend	2.1	10.2	(79%)
Franking (%)	100%	100%	0%
Record date: 21 May 2008			
Dividend paid: 7 July 2008			

Individually Material Items	6 Months Ended 31 March 2009		
A$M	Gross	Tax	Net
Incitec Pivot - Phos rock write-down to NRV	(49.4)	14.8	(34.6)
Dyno Nobel - integration & restructuring	(30.0)	9.5	(20.5)
Incitec Pivot - early closure of Cockle Creek	(15.8)	4.8	(11.0)
Borrowing costs - bridge facility	(5.9)	1.8	(4.1)
Total	**(101.1)**	**30.9**	**(70.2)**

INDIVIDUALLY MATERIAL ITEMS (continued)

$20.5M: Dyno Nobel integration and restructuring costs incurred as part of the Velocity program.

$11.0M: Cockle Creek early closure - in January 2009, IPL announced that the Cockle Creek single-superphosphate plant would be closed 10-months earlier than scheduled. Consequently, the remaining balance of non-depreciated assets and decommissioning costs have been expensed together with a $6.6M net realisable value adjustment for re-sale of raw materials at Cockle Creek that were stranded by the decision to close early.

Since the end of the half year, due to low demand for Single Superphosphate, it has been determined to close the Geelong manufacturing plant, with effect from 30 June 2009. The immediate cost of the closure is approximately $2.0M (after tax) for redundancies and associated costs.

Definitions and Notes

(1) Interest cover = EBITDA / net interest expense.

(2) Net Debt/EBITDA is calculated based on the period end net debt divided by the reported rolling 12-month EBITDA.

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BALANCE SHEET

IPL's March 2009 Balance Sheet is robust. Strong credit metrics and adequate undrawn committed finance facilities are in place.

Balance Sheet A$M	31-Mar 2009	31-Mar 2008	30-Sep 2008
Fertiliser Business			
Trade working capital	237	255	74
Net property plant and equipment	544	508	544
Intangibles	189	190	190
Environmental & restructuring	(48)	(62)	(54)
Tax (liabilities)/assets	(108)	(22)	(161)
Net other liabilities	(53)	(42)	(63)
Sub-total	**761**	**827**	**530**
Explosives Business			
Trade working capital	311	0	236
Net property plant and equipment	1,386	0	1,150
Intangibles	4,264	0	3,666
Environmental & restructuring	(55)	0	(56)
Tax (liabilities)/assets	(30)	0	(42)
Net other liabilities	(302)	0	(307)
Investment in Dyno Nobel	0	276	0
Sub-total	5,574	276	4,647
NET ASSETS	**6,335**	**1,103**	**5,177**
Net Debt	**2,105**	**529**	**2,030**
Equity	**4,230**	**574**	**3,147**
Total Capitalisation	**6,335**	**1,103**	**5,177**
Net Debt/EBITDA(2)	**1.9x**	**1.0x**	**2.0x**

NET ASSETS

Fertiliser Business

IPL has maintained strong financial discipline, with an emphasis on optimising asset intensity across the business in order to improve shareholder returns:

- Trade working capital at 31 March 2009 was $237M, a 7% or $18M reduction on the pcp of $255M.
- Average trade working capital to sales(1) was 12% (pcp 12%), a good result in difficult conditions.
- Environmental and restructuring provisions reduced by $14M. The 31 March 2009 balance was $48M (pcp: $62M).
- Tax payments generally lag earnings, resulting in a higher tax liability at 31 March 2009 compared with pcp.

Explosives Business

The investment in the Explosives Business has increased by $928M since September 2008, mainly comprising:

- A$688M gain on translating the US$ assets to A$.
- A$166M investment in Moranbah during the first half 2009.

NET DEBT

IPL net debt was $2,105M at 31 March 2009, a $75M increase since September 2008, primarily comprising:

- -$364M: Increase in translation of US$ borrowings (partially offsetting the $688M gain on translating the US$ assets referred to above)
- -$237M: 2008 final dividend paid.
- -$209M: Net investment in sustenance and growth capex (including Moranbah).
- +$865M: Rights issue, net of costs.

Borrowing Facilities

As at 31 March 2009, IPL has $2.68Bn of committed financing facilities in place, against which $2.1Bn was drawn:

1. Syndicated Facility
   - *Committed: A$1.68Bn*
   - *Term: 3 years (bullet)*
   - *Matures: September 2011*
2. Working Capital Facility
   - *Committed: A$0.7Bn*
   - *Term: 19 months (amortising/step down)*
   - *Matures: October 2010*
3. Participation Agreement
   - *Committed: A$0.3Bn*
   - *Term: 5 years (amortising)*
   - *Matures: September 2013*

Definitions and Notes

(1) Average trade working capital to sales based on 13 month average working capital/rolling 12-month rolling sales (excludes 2½ months of pre-acquisition).

(2) Based on last 12 month historical EBITDA / Net debt at point in time.

CASH FLOW

Net operating cash flow declined by $133.8M to an outflow of $112.8M (pcp: inflow of $21.0M). Major factors were:

- EBITDA increased by $91.3M to $360.3M (pcp: $269.0M).
- Interest payments increased by $34.5M to $56.3M (pcp: $21.8M), reflecting the cost of increased debt funding following the Dyno Nobel acquisition.
- Tax paid was $77.0M (pcp: $41.5M) reflecting improved earnings in 2008.
- Trade working capital in the Fertiliser Business increased by $162.7M reflecting an increase from the abnormally low balance at September 2008, and normal pre-stocking ahead of the winter cropping season.
- Trade working capital movement in Explosives was $76.0M, with $39.2M due to exchange rate changes and the balance reflecting the normal winter seasonal build of inventory.
- Profits generated by Dyno Nobel joint ventures and not distributed during the period were $9.5M.
- Velocity program costs paid were $30.1M

Net investing cash outflows were up $187.4M to $209.3M (pcp: $21.9M). Major outflows were:

Fertiliser:

- Net sustenance capital of $16.4M (pcp: $21.9M) with reinvestment held around depreciation levels.

Explosives:

- Sustenance and minor growth of $49.3M representing 72% of depreciation.
- Moranbah AN project expenditure of $166.2M.
- $22.6M in proceeds from the sale of mobile equipment as part of the Velocity program asset optimisation.

Net financing cash flows were an inflow of $322.1M (pcp $0.9M) reflecting:

- $901.7M: gross proceeds from the November 2008 rights issue, less costs of $36.7M.
- $364.3M: impact of foreign currency translation on US$ denominated debt during the period. At 31 March 2009, the majority of drawings against facilities were in A$, with the US$ asset hedge created via swaps.
- $237.4M: 2008 final dividend (pcp: $116.5m)
- $16.3M: Borrowing costs for new borrowing facilities for the 3 year syndicated facility and 19 month working capital facility.

Cash Flow Items	**6 Months Ended 31 March**		
A$M	**2009**	**2008**	**Change**
Net operating cash flows			
EBITDA	360.3	269.0	91.3
Net interest paid	(56.3)	(21.8)	(34.5)
Net income tax paid	(77.0)	(41.5)	(35.5)
TWC movement - Fertiliser	(162.7)	(133.7)	(29.0)
TWC movement - Explosives	(76.0)	0.0	(76.0)
Dyno Nobel profit from associates	(9.5)	0.0	(9.5)
Project Velocity costs	(30.1)	0.0	(30.1)
Other	(61.5)	(51.0)	(10.6)
Operating cash flows	**(112.8)**	**21.0**	**(133.8)**
Net investing cash flows			
Fertiliser business			
Sustenance	(25.2)	(24.2)	(1.0)
Proceeds from surplus asset sales	8.8	2.3	6.5
Sub-total	**(16.4)**	**(21.9)**	**5.5**
Explosives business			
Sustenance	(49.3)	0.0	(49.3)
Growth - Moranbah	(166.2)	0.0	(166.2)
Proceeds from surplus asset sales	22.6	0.0	22.6
Sub-total	**(192.9)**	**0.0**	**(192.9)**
Investing cash flows	**(209.3)**	**(21.9)**	**(187.4)**
Net financing cash flows			
Equity raising	901.7	0.0	901.7
Equity raising fees	(36.7)	0.0	(36.7)
Dividends paid	(237.4)	(116.5)	(120.9)
Forex translation on debt	(364.3)	0.0	(364.3)
Borrowing costs	(16.3)	0.0	(16.3)
Increase in net debt	75.1	117.4	(42.3)
Financing cash flows	**322.1**	**0.9**	**321.2**

MORANBAH AN PROJECT

On 28 July 2008, IPL announced that it would proceed with the construction of a 330ktpa fully integrated ammonium nitrate complex at Moranbah in central Queensland, Australia at a cost of A$935M. The complex comprises an ammonia, nitric acid and ammonium nitrate plant plus infrastructure, utilities and housing.

The plant is at the bottom of the cost curve in the Bowen Basin by virtue of its back-to-gas ammonia position. Mechanical completion was targeted for the first quarter of calendar 2010, and beneficial operation for the first quarter of calendar 2011.

The project is based in the heart of Australia's largest metallurgical coal region and adjacent to some of the largest coal mines in the world.

MORANBAH STATUS

On 3 February 2009, IPL announced that, following a revised forecast for ammonium nitrate (AN) demand growth for Queensland coal, it had decided to slow the construction of the Moranbah AN facility to better align demand and supply in the Queensland footprint.

The construction workforce has been demobilised and a skeleton crew remains on site to preserve the value of construction to date. Detailed design engineering has continued, as completion of design engineering ahead of the planned remobilisation reduces design risk and risks associated with the beneficial operation start-up.

HEALTH SAFETY AND THE ENVIRONMENT

Health & Safety

IPL remains committed to its vision of Zero Harm. In the first half of 2009, the Company undertook an assessment of this important goal with the result that it has been redefined to focus on Zero Harm, as opposed to seeking an annual percentage improvement in recordable injuries. The mid-year total recordable incident frequency rate (TRIFR) is 1.37 per 200,000 work hours.

In 2009, substantial work is planned to review and modify elements of the Company's health, safety and environment management system (HSE MS), including root cause analysis, and process safety management, among others.

Environment

IPL's total Australian carbon footprint (including electricity consumption) is approximately 1.2m tonnes of CO_2 Equivalent. The current assessment of proposed assistance under the proposed Carbon Pollution Reduction Scheme legislation results in a forecast short-term permit exposure of less than 0.2m tonnes of CO_2 Equivalent.

As a matter of good business practice, energy efficiency reviews are conducted at all IPL plants globally. The energy efficiency program at Gibson Island has been published as a best practice case study by the Australian Government, Department of Resources, Energy and Tourism.